

# **EXHIBIT B**

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

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In Re:

Case No:

RESIDENTIAL CAPITAL, LLC, et. al,

12-12020(MG)

Debtors.

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VIDEOTAPE DEPOSITION OF JEFFREY CANCELLIERI

New York, New York

November 14, 2012

2:03 p.m.

Reported by:  
ERICA L. RUGGIERI, RPR  
JOB NO: 27647-B

November 14, 2012

2:03 p.m.

Deposition of JEFFREY  
CANCELLIERI, held at the offices of  
Kramer, Levin, Naftalis & Frankel,  
1177 Avenue of the Americas, New York,  
New York, pursuant to Notice, before  
Erica L. Ruggieri, Registered  
Professional Reporter and Notary  
Public of the State of New York.

1 JEFF CANCELLIERI

2 specifically where actual repurchase  
3 claims were received. Meaning we did not  
4 calculate reserves on every private label  
5 securitization that we issued.

6 Q. So the reserve numbers that you  
7 were calculating were strictly limited to  
8 those repurchase requests, as opposed to  
9 any other trusts that had not, in fact,  
10 submitted repurchase requests?

11 A. That's correct.

12 Q. Are you aware of any repurchase  
13 requests that were made, other than by  
14 monolines? To ResCap, excuse me.

15 A. In the first quarter we had  
16 repurchase requests come in from one deal,  
17 at the direction of Deutsche Bank, who was  
18 directed by one of the investors.

19 Q. And that was the first quarter  
20 of 2012?

21 A. That was the first quarter of  
22 2012.

23 Q. Now, with respect to the trusts  
24 that were part of the settlement that's at  
25 issue here today, did you do any

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2 the proceedings.)

3 THE VIDEOGRAPHER: The time is  
4 3:24 p.m. We are back on the record.

5 MR. MOLONEY: Thank you. Just  
6 for the record I checked with the  
7 videographer. We have an hour and  
8 seven minutes of testimony so far.

9 Q. Mr. Cancelliere, I just want to  
10 go back to a couple of points that we  
11 talked about earlier. I believe you  
12 testified previously that you were aware  
13 of a repurchase request made by a  
14 nonmonoline in the first quarter of 2012,  
15 correct?

16 A. Yes.

17 Q. So prior to the first quarter of  
18 2012 are you aware of any repurchase  
19 requests that were made in nonwrapped  
20 deals?

21 A. I am not.

22 Q. And secondly, you indicated that  
23 you provided a dollar range and defect  
24 rate range to FTI, amongst others. Once  
25 you gave that information to them, did you

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2 Q. And that was at the board  
3 meeting before, before it concluded at  
4 4:00 p.m., correct?

5 A. As far as I can recall.

6 Q. Do you recall if Mr. Marano ever  
7 received any additional information?

8 A. I don't recall.

9 Q. Just give me one moment.

10 MR. DAILEY: That's all I have  
11 thank you.

12 EXAMINATION BY

13 MR. DOLAN:

14 Q. Mr. Cancelliere, I'm Matt Dolan,  
15 from Cleary Gottlieb, on behalf of  
16 Wilmington Trust.

17 You previously testified that  
18 you had a call with Kathy Patrick on  
19 May 8th, during which you challenged a  
20 number of assumptions that she had,  
21 related to the defect rate?

22 MR. RAINS: Misstates the  
23 witness's testimony.

24 A. I had a conversation with her  
25 around their assumptions and discussed and

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JEFF CANCELLIERI

challenged all of their assumptions.

Q. And you also discussed and challenged her use of the 36 percent Bank of America default -- defect rate?

A. In some form, yes. And used that information to provide our legal team, who was working through the negotiations, to have discussions with Kathy Patrick.

Q. So you relayed to the legal team that you had challenged her use of that?

A. I had relayed to the legal team the items where I believe we could challenge her assumptions.

Q. And included in that list of items was the 36 percent?

A. It was all of her assumptions, yes.

Q. Was anyone else on that call, besides you and Ms. Patrick?

A. I believe David Sheeren, from Kathy Patrick's side, was on the call as well.

Q. Do you know why you were on that

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2 call?

3 A. Gary Lee had asked me to talk to  
4 Kathy about her specific assumptions, to  
5 get an idea of their calculated numbers.

6 Q. And after that call, you relayed  
7 to Gary Lee and others on the legal team  
8 your concerns you had with her  
9 assumptions?

10 A. Yes. I relayed to Gary Lee her  
11 assumptions and potential concerns with  
12 her assumptions.

13 Q. And then you were shown a second  
14 ago Exhibit 60, which is the board  
15 presentation from May 9th.

16 Do you recall that?

17 A. I do recall that.

18 Q. And that presentation includes  
19 the 36 percent Bank of America default  
20 rate?

21 Do you recall that?

22 A. It includes, yes, the baseline  
23 Bank of America defect rate.

24 Q. Was the board of directors of  
25 ResCap ever informed that you had raised



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2 concerns about using that 36 percent  
3 defect rate?

4 A. I don't know.

5 Q. But no -- you don't recall from  
6 that --

7 A. I don't recall from that  
8 meeting.

9 Q. Nothing, there was no discussion  
10 of that?

11 MR. RAINS: He says he doesn't  
12 recall.

13 A. I don't recall.

14 Q. But as you previously testified,  
15 that 36 percent was used as a comparison.  
16 It was presented to the board as a  
17 comparison to the 19.72 defect rate?

18 A. That is correct, at the  
19 direction of our legal counsel.

20 MR. DOLAN: I don't have  
21 anything else. Thank you,  
22 Mr. Cancelliere.

23 MR. RAINS: Any other takers?

24 MR. SHEEREN: David Sheeren from  
25 Gibbs & Bruns. Can we just take a